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CIA No. 8182  
15 July 1974

MEMORANDUM FOR: Mr. J. Thomas McAndrew  
Chief, Near East Division  
INR, State Department

SUBJECT : Soviet, Japanese, and Western  
Europe Economic Aid to Egypt,  
Syria, Iraq, and Turkey

Attached are data you requested this morning

prepared this response. Please contact either of them  
if we can be of further assistance.

Office of Economic Research

Attachment:  
As stated

Distribution: (S-6332)  
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1 - D/OER

[REDACTED]

Current Status of Economic Aid to  
Selected Countries of the Near East

1. Soviet Economic Aid to Selected Countries  
of the Near East

No important changes have been noted in the character or magnitude of Soviet economic aid to Egypt, Iraq, Syria, and Turkey during the past 18 months.

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[REDACTED]

Nevertheless, Moscow continued its support for projects under construction, even after hostilities began in October in spite of its overwhelming priority to military aid. (Table 2)

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[REDACTED] Some new economic aid -- possibly totaling several hundred million dollars -- may have been provided to Syria during Asad's April visit to Moscow. This aid is needed to complete the last stages of construction and ancillary facilities for the Euphrates Dam. In June 1974, the Soviets also agreed to provide grant aid to Egypt for minesweeping in the Gulf of Suez. At that time, Moscow indicated that it would help Cairo's reconstruction effort, particularly the replacement of Soviet-aided facilities destroyed in the October War. No new credits are known to have been extended for this work, however.

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Major Soviet Aid Projects Currently Under  
Construction in Near East Countries

	<u>Projects (and amount of aid)</u>	<u>Year Credits Extended</u>	<u>Stage of Construction</u>
Egypt	Aluminum Plant (\$53 million)	1964	Partial operation to be on line 9/74; expansion plans being studied.
	Land Reclamation (\$100 million)	1964 and 1971	About one-half of work has been completed.
	Helwan Steel Mill (\$161 million) plus additional credits that should be made available for further expansion	1964	Completed 1st stage expansion to nearly 1 million tons annually. Now scheduling expansion to 1.5 million tons.
Iraq	Petroleum development, a refinery, and 2 pipelines (over \$150 million)	1969 and 1971	Major development at North Rumaylah in advanced stage. Capacity now at 360,000 b/d, to rise to 840,000 b/d by late 1975. Other areas still to be developed and refinery still to be built. One pipeline complete; a second under construction

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Table 2

Major Soviet Aid Projects Currently Under  
Construction in Near East Countries  
(Continued)

	<u>Projects (and amount of aid)</u>	<u>Year Credits Extended</u>	<u>Stage of Construction</u>
Syria	Euphrates Dam (\$133 million)	1966	Completed first stage in 1973 and work proceeding on installation of turbines
	Petroleum Development (\$50 million)	1957 and 1972	Soviet-developed fields in NE Syria. Soviet aid accounts for most of Syria's 160,000 b/d crude oil production capacity.
	Railroad construction and modernization (\$50 million)	1957 and 1972	Major construction completed with about \$10 million still to be used for modernization
Turkey	Steel Mill (\$420 million)	1967, 1969 and 1972	Scheduled completion date for first of 2 blast furnaces in 1975, with 1st stage steel output in 1976.
	Aluminum Plant	1967	Producing alumina in 1973

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Nevertheless, Moscow's interest in these four countries has not waned. Soviet commitments to them total almost \$2.6 billion, or about 30% of all Soviet economic aid to the Third World. Deliveries to these countries, which exceeded \$1.4 billion at the end of 1973, also represent about 30% of total Soviet aid deliveries until that time.

The fact that new undertakings in the past 18 months may have been less than in some other similar period is of no significance. There is more than \$1.1 billion of aid still to be drawn under previous commitments and there has been no reduction in delivery levels. Economic aid deliveries totaled some \$150 million in 1973, up about 20% from 1972.

2. Japanese Economic Aid to Selected Countries  
of the Near East

Japan had extended almost no economic aid to these Near Eastern Countries before the oil crisis. Its commitments for 1973 were only about \$25 million; divided roughly equally between Egypt and Turkey. (Table 3) Thus far in 1974, however, the figure for official aid is in the \$450 million - \$700 million range. Roughly \$240 million was extended to Egypt, including \$140 million of the first stage clearing and widening on the Suez Canal. The remaining \$100 million will be divided among project and commodity assistance. Moreover, Tokyo may provide an additional \$140 million for widening and deepening the Suez Canal in later stages.

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Table 3

Japanese Economic Aid Commitments  
to Selected Near East Countries

	Million US \$	
	<u>1973</u>	<u>1974</u>
TOTAL	<u>26</u>	<u>620</u>
Egypt	12	240
Iraq	Negl.	250
Syria	Negl.	130
Turkey	14	N.A.

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The \$1 billion aid package publicized for Iraq includes about \$750 million in private credits under government guarantee. The remaining \$250 million still is in the negotiating stage because of a failure to agree on the price Japan will pay for Iraqi crude. Aid to Syria, totaling \$130 million, is for an oil refinery and irrigation projects.

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### 3. Official West European Aid to Selected Countries of the Near East

The tabulations below reflect our current knowledge of economic aid provided by Western Europe to Egypt, Iraq, Syria, and Turkey. Precise data are lacking for 1973, but the level of aid is estimated to approximate that in 1972.

Official West European Aid to Selected Countries of the Near East 1972 <u>a/</u>			Million US \$
	<u>Commitments</u>	<u>Deliveries</u>	
TOTAL	<u>96</u>	<u>105</u>	
Egypt	71	19	
Iraq	2	3	
Syria	1	1	
Turkey	22	82	

a. Excludes EEC aid.

#### Major Official Economic Commitments from Western Europe to Selected Countries of the Near East January-June 1974 a/

<u>Recipient</u>	
Egypt	65 <u>b/</u>
Iraq	N.A. <u>c/</u>
Syria	N.A.
Turkey	N.A.

a. Excludes EEC aid.

b. Consists of capital aid of \$58 million from West Germany and \$7 million development credit from Denmark.

c. A \$500 million aid package from France consists of official guarantees on private export credits. In March, Italy signed an economic agreement with Iraq of an unspecified value.